



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

**UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS
EXECUTIVE SESSION**

June 9, 1994, 10:00 a.m.
UAC Offices, Salt Lake City

Members Present: Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dennis Ewing, *Comptroller*, Tooele County Clerk
Max Adams, Uintah County Commissioner
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Gary Sullivan, Beaver County Commissioner

Members Absent: Ty Lewis, San Juan County Commissioner
Dixie Thompson, Emery County Commissioner

Others Present: Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
David Nelson, UACIM Loss Prevention Manager
Sonya White, UACIM Administrative Assistant
Harry Bowes, UACIM Consultant
Jess Hurtado, AIMS Vice President/UACIM Broker
Keri Chappell, AIMS Technical Assistant
Doug Alexander, AIMS Branch Manager

Executive session was held to discuss the Litigation Committee and Claims Report.

B O W E S

Bowes Associates, Inc.

MEMO TO: Brent Gardner
Executive Director

FROM: Harry P. Bowes 

DATE: June 7, 1994

RE: COVERAGE OF SPECIAL DISTRICTS -- Inclusions & Exclusions
policy for UACIM Board consideration

I have checked with the state county property and casualty risk managers in Colorado, New Mexico, and Kansas. New Mexico and Kansas do not have the same statutory authority as Utah and Colorado. New Mexico does not cover any special districts.

Colorado has the most comprehensive policy of any of the entities reviewed.

ENTITIES - COVERED

A county may extend coverage through (UACIM) to:

- (a) not for-profit corporations exempt for taxation under the Internal Revenue Code 26 U.S.C. section 501 which contract to provide services to counties;
- (b) municipalities;
- (c) political subdivision with the exclusion of cottage industries, Soil Conservation Districts, contracted legal service providers, Associations of county officers or employees, other than (UAC) districts operating--(?)--(under Utah Statutes under--Colorado Revised Statute Title 32 (which has by law individual taxing authority and administrative authority), for-profit persons or organizations, hospitals, medical clinics and contracted medical providers, airports, transportation services regulated by the Colorado Public Utilities Commission;
- (d) the State of (Utah); and
- (e) the federal government, its departments and agencies.

Such entities may be covered by (UACIM) to the limited extent of and with respect to those operation by and on behalf of the (UACIM) member county so long as the following criteria are met:

- (a) The entity's contract function is for the benefit, at the request of, or by the authority of the participating (UACIM) county; and
- (b) The participating (UACIM) county is legally authorized to provide the service, function or facility which is the subject of the contract; and

- (c) The participating (UACIM) member county is obligated by written contract to provide coverage, a copy of which is provided to (UACIM); and
- (d) With respect to non-profit organizations and political subdivisions (other than municipalities, the participating (UACIM) member county must have at least one of the following controls over the entity, through the Board of County Commissioner:
 - (1) Approves 50% or more of the governing body of the entity.
 - (2) Approves the budget of the entity.
 - (3) Provides 50% or more of the funding of the entity.
 - (4) Hires, terminations or directions of the activities of those performing the contractual activities of the entity.

Agenda

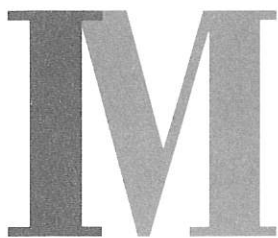
UACIM BOARD OF DIRECTORS MEETING

June 9, 1994, 10:00-2:00

*Utah County Historic Courthouse
Room 211
51 South University Ave., Provo*

AGENDA TOPICS

10:00 AM	Call To Order	Gary Herbert
	Review and Approval of April 22, 1994 Minutes	Gary Herbert
	Review and Approval of May 16, 1994 Minutes	Gerry Hess
	Ratification of Board Action, Claim #801CAC927005	Gerry Hess
	1992 Cancellation Expense Reimbursement Notices	Gary Herbert
	Who Should Receive Monthly Loss Reports and Insure Confidentiality, e.g. San Juan County Case	Brent Gardner
	Loss Summary & Financial Statements Review, Review of Loss Summary Spreadsheets	Brent Gardner
	Adoption of Policy Statements, Adoption of Incentive to Comply, Policy on Special Districts	Gary Herbert
	Grand County Audit	Brent Gardner, Jess Hurtado
	PRIMA Annual Conference	Sid Groll, Keri Chappell, Jess Hurtado
12:00 PM	LUNCH	
	Broker Report	Jess Hurtado, Keri Chappell
	Loss Prevention Report	David Nelson
	Log of Policy Precedent Decisions	Gary Herbert
	Consultant Report	Harry Bowes
	Accident Review Board	Kent Sundberg, Brent Gardner
	County Response to Property Repair Before Reporting	Doug Alexander
	Litigation Committee & Claims Report	Kent Sundberg, Doug Alexander
	Other Business	Gary Herbert
2:00 PM	Adjourn	Gary Herbert



UTAH ASSOCIATION
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INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

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Utah County Historic Courthouse, Provo

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Doug Alexander, AIMS Branch Manager

Gary Herbert called the meeting to order at 10:25 a.m. Ty Lewis and Dixie Thompson requested to be excused from this meeting.

Review and Approval of April and May Minutes

Max made a motion to approve the April 22, 1994, and the May 16, 1994, minutes. Gerald seconded the motion and the motion carried.

Ratification of Board Action, Claim #801CAC927005

Gerald reviewed the Board decision during a telephonic conference on claim #801CAC927005. A waiver was signed by all the Board of Directors pursuant to the bylaws meeting notice requirements. Max made a motion for the Board to ratify the action taken on May 16, 1994. Gary Sullivan seconded that motion and the motion carried.

1992 Cancellation Expense Reimbursement Notices

Five of the member counties submitted expense information for reimbursement. This disbursement was set up to cover only those short rate cancellation expenses experienced by new members to the Mutual. Those counties whose previous carrier was ULGT were subject to an annual premium with no return premium provisions in the policy wording. This was a one time expense for the formation and was not intended to be carried over to any other policy year. Upon the UACIM broker's review, Box Elder County and Cache County are entitled to reimbursement. Dennis made a motion for the brokers to calculate the exact amount due to Box Elder County and Cache County and submit those amounts for payment. Therefore, the balance of this line item will be returned to the loss fund. Max seconded the motion and the motion carried. (Completed 6/29/94)

Grand County Audit

Brent and Jess met with the Grand County Council, officials, insurance coordinator and department heads to audit the county's special districts. Those special districts wherein the county commission controls the Board and the budget are covered under the UACIM policy. The Board reviewed extensively the schedule of the county's special districts. The Board determined that five specific special districts were questionable in which Brent will obtain further information on those from the county. Those special districts that are not covered and need to obtain their own insurance will be addressed in person by Brent, Jess and/or members of the Board of Directors. The Board assigned David to extensively review the property schedule of each county during his risk reviews and report to the Board on those properties/districts in question.

PRIMA Annual Conference

Sid reported that he was quite impressed with the conference and the information that was provided and reviewed during the discussions he attended. Sid urged those Board of Directors that have not attended these types of conferences to do so because of the benefits. The Board requested Sonya to gather information on the dates of the upcoming PRIMA mini-conferences and the schedule for the next annual conference along with information on joining the Utah PRIMA chapter.

Who Should Receive Monthly Loss Reports & Insure Confidentiality

Brent addressed a concern brought to his attention by a member county commissioner regarding the disbursement of the monthly loss reports within the county and the possibility of that information getting into the hands or ears of a claimant, the claimant's insurance company and/or attorney. The UACIM consultant stated that the loss reports are a very important tool for county loss control and would obstruct this effort if restrictions were placed on who should receive these reports within the county. The Board requested that the Litigation Management Committee (LMC) address this matter and recommend to the Board at the next meeting how to proceed. Discussion of confidentiality will be listed as an agenda item for the Loss Prevention Team Training in July and the USACCC Fall Workshop in September.

Loss Summary & Financial Statements Review

Brent reviewed the Financial Statements with the Board for the month ending April 30, 1994. The Balance Sheet shows an unearned premium amount of \$1,313,418 which has now been collected from Cache County. Brent also pointed out the Excess Insurance Recoverable line item which is money that the Excess Insurance is going to pay, if the reserves and IBNR proceed as listed. The Mutual anticipates these claims will not be paid up to the reserve but this does give the Board an indication that the claims are coming in at very high amounts. The Total Liabilities and Surplus are \$4,390,871. The Income Statement is showing the Net Income at (\$131,650) if the reserves prove to be as high as they are set. The loss reserve will continue to grow as long as open claims exist and on May 27, the Tenth Circuit ruled that the Federal Court will borrow from the General Personal Injury Statute which has a four-year Statute of Limitations on civil rights cases. Also, a Task Force is being set up to prevent the Governmental Immunity Statute increase at the legislature which would affect the IBNR claims. The Board requested that Gerald and Brent look into this "Task Force" to begin preparation for the upcoming legislative session.

Brent continued his review with the Income and Expense Report (accrual basis) showing that the total revenue minus total expenses and total administration is leaving a negative balance of (\$77,023). The Mutual was hoping that this money would not have to come out of contributed surplus rather fund it out of the operating monies. This is why the Mutual is not building surplus as rapidly as anticipated. Again, these are book losses due to the high open loss reserves and IBNR that have to be included pursuant to the actuarial service. The Actual to Budget Report shows we are ahead of budget except with open losses for 1994. The Inception to Date shows that the Mutual is over the attachment point of \$1,100,000 by \$457,328. The Mutual will, at some point, receive \$457,328 from the excess insurance carrier, if the claims continue. Sid made a motion to approve the financial statements. Gary Sullivan seconded the motion and the motion carried.

Adoption of Policy Statements

The following policies were reviewed completely by the Board of Directors:

UACIM Joint Policy on Late Premium Payments Sid made a motion to adopt this policy, Dennis seconded the motion and the motion carried.

UACIM Joint Policy on Board Attendance Max made a motion to adopt this policy, Gerald seconded the motion and the motion carried.

UACIM Joint Policy on Board Member Responsibility Ken made a motion to adopt this policy, Sid seconded the motion and the motion carried.

UACIM Joint Policy on Conflict of Interest Max made a motion to adopt this policy, Dennis seconded the motion and the motion carried.

UACIM Preamble to an Oath on Board Member Ethics Dennis made a motion to adopt this policy and require each Board Member to sign the Oath at the beginning of each year. Max seconded the motion and the motion carried.

UACIM Joint Policy on Investments Dennis made a motion to adopt this policy, Ken seconded the motion and the motion carried.

UACIM Joint Policy on Special Events Requirements Max made a motion to adopt this policy, Ken seconded the motion and the motion carried.

UACIM Joint Policy on Recommended Personnel Advice Dennis made a motion to adopt this policy, Max seconded the motion and the motion carried.

Litigation Committee & Claims Report

Ken made a motion for the Board to go into Executive Session to discuss the Litigation Management Committee and Claims Report. Dennis seconded the motion and the motion carried.

Dennis made a motion for the Board to come out of Executive Session. Gary Sullivan seconded the motion and the motion carried.

Max made a motion to settle claim number 801SAN937001 in the amount of \$25,000.00. Dennis seconded the motion and the motion carried.

Dennis made a motion to settle claim number 801UTA947013-01 in the amount of \$10,500.00. Gerald seconded the motion and the motion carried.

Gary Sullivan made a motion to settle claim number 801UTA927002-02 up to an amount of \$15,000.00. Sid seconded the motion and the motion carried.

Ken made a motion to settle claim number 801BOX947009 in the amount of \$25,000.00. Gary Sullivan seconded the motion and the motion carried.

Max Adams asked to be excused.

Broker Report

Jess suggested to the Board to look into possibly getting current appraisals on all county properties so that the Mutual will not find itself in a situation where a county property was worth a lot more than scheduled, in case of a total loss. The Board agreed that this matter is each county's responsibility. Brent will address this situation with the Multi-County Appraisal Trust at their next meeting and work with Jess to draft a letter to each member county appraiser. (Completed 6/30/94)

The Insurance Department is concerned with the Mutual's policy on Inverse Condemnation in line with the Mutual's concerns regarding the wording in reference to civil rights. The Board requested Gerald and Kent to work with Jess to make a determination on how to resolve this matter and report at the next Board meeting.

Keri brought to the Board's attention a request by a member county to lease spraying trucks to the city. Keri informed the county that they should transfer the risk and ask for proof of insurance from the city listing the county as an additional insured. The Board agreed with Keri's recommendation to the county and sees no problem in leasing vehicles with this provision.

Jess brought to the Board's attention a concern regarding the age of a county employee who will be driving other elderly people. The Board felt age had no significance as would the driver's physical condition and valid driver's license.

Loss Prevention Report

David reported that he completed his risk review in Uintah County in which all the recommendations from last year had been complied with and an additional 21 recommendations were issued this year. San Juan County was issued 21 recommendations and Emery County was issued 10 recommendations at the completion of their risk reviews.

David met with the Loss Prevention Teams in Emery, San Juan and Uintah Counties, discussed what their team should be doing and reviewed the guidelines for them to follow in order for the team to be beneficial to their county.

The Personnel Loss Prevention Committee met on May 17, and set dates for FLSA/Sexual Harassment training and Personnel Discipline/Wrongful Termination training.

The June issue of the *Mutual Matters* Newsletter was sent to all member counties. Safety Training was conducted in Utah County for the Substance Abuse Committee. The Loss Prevention Team Training is set for July 7, in Utah County.

David attended the Jail Commanders Association meetings this past week in Ogden. They have concerns regarding the jail standards and a meeting is scheduled for July 20, with the Jail Commanders, Sheriffs, LMC and Gary DeLand.

Review of Loss Summary Spreadsheets

Brent reviewed the spreadsheets that the Board requested Sonya to compile of the amounts per claim paid and incurred by county. Also, losses incurred by department for each county. The Board felt this information was very helpful and requested Gerald to review this information with the Davis County Loss Prevention Team and report to the Board at the next meeting on the advantage of this information.

Log of Policy Precedent Decisions

Pursuant to the previous Board meeting, Harry requested any questions or concerns from the Board regarding the consolidation of UACIM minutes from 1991 to date, highlighting the precedent decisions of the Board. The Board found this useful and had no questions or concerns.

Consultant Report

In a letter to Brent, Harry addressed the coverage of special districts (see attachment #1).

Harry has all of the Safety Manual on disk and will begin revising to accommodate the Utah statutes for the Mutual. With David's assistance he hopes to have this manual ready for the membership no later than the annual meeting in November.

Accident Review Board

Kent reported that the LMC requested copies of Utah County's resolution appointing members to an Accident Review Board and the county's adopted ordinance be sent to UACIM. Brent reported that a letter with a copy of Utah County's resolution and ordinance was sent to each member county and a few counties have reported back that they have also appointed an Accident Review Board. The Board felt there may be some potential liability if an Accident Review Board makes the judgment to terminate someone but this may be protected under the Utah Code of self-evaluations that are protected and not admissible. David will research this issue and address it with the LMC at their next meeting.

County Response to Property Repair Before Reporting

Doug reported that 11 out of the 23 member counties have responded to the letter from Aon Insurance Management Services (AIMS) in this regard. Pursuant to the Board, this policy becomes effective July 1. Doug and Dean Bachman are contacting the remaining 12 counties by phone to follow-up.

Other Business

Brent brought to the Board's attention an agreement that Kane County wants to enter into with Kanab City to house the city's inmates at the county jail in exchange for \$15,000.00 and by providing Kane County with general fire protection services. The Board reviewed the agreement and had no concerns.

Gerald noted that in the April minutes, the discussion of possibly providing the Box Elder County Commission with a chronological report of events involving the complaint taken to the Insurance Department. Brent will work with Doug to write up the report and then set a date to meet with the Commission.

Gerald questioned whether the matter with the Loss Prevention Manager's vehicle had been resolved. Brent stated that David will be keeping the present vehicle until the new state contracts come out in July.

Due to the lack of time, agenda items: Adoption of Incentive to Comply and Policy on Special Districts will be discussed at the next Board meeting.

The next Board of Directors meeting will be held on July 19, 1994, 10:00 a.m. at the UAC Offices in Salt Lake City. Gary adjourned the meeting.

**LOSS PREVENTION REPORT
UACIM BOARD OF DIRECTORS MEETING
JUNE 9, 1994**

1. Uintah County Risk Review completed with 21 recommendations issued.
2. San Juan County Risk Review completed with 21 recommendations issued.
3. Emery County Risk Review completed with 10 recommendations issued.
4. Loss Prevention Team Training held in Uintah, San Juan and Emery Counties.
5. Personnel Loss Prevention Committee Meeting was held on May 17, 1994. Upcoming training was set for member counties for FLSA/Sexual Harassment in August and Personnel Discipline/Wrongful Termination in late fall.
6. June issue of the UACIM *Mutual Matters* Newsletter sent to county officials, department heads, etc.
7. "Safety Meeting" was conducted in Utah County for Substance Abuse Committee.
8. Loss Prevention Team Training for all member counties set for July 7, 1994, in Utah County.

Workers' Comp Pool to Return \$1.9 Million to Members!

On April 21, 1994, the WC Pool Board of Directors voted to return \$1,939,025 to Pool Members from equity the Pool has built during the first five years of Pool operations. The money will be distributed to counties in August. Distribution of equity is based upon each county's contributions and losses from 1987 through 1991. If a county's losses and proportionate share of expenses were less than the amount it contributed to the Pool, that county built equity in the Pool. The Pool has been decreasing rates for the past several years and slowly building equity at the same time. This year, the Board felt the Pool was stable enough and had built adequate reserves to return money to members, while maintaining low rates. The Board has maintained an adequate contingency reserve beyond what it is returning to members, to account for adverse, surprising loss development. That reserve will continue to accrue interest on behalf of member counties (at an average 6.5% rate of return!), and may be available for equity distribution in future years.

Details of the August return of equity for the Workers' Comp Pool, and each county's share

of that return, will be reviewed at the Pools' Joint Membership Meeting, Tuesday afternoon, June 21, in Clovis. The NMCIA Multiline Pool will also be considering the return of equity to members this year, and that Pool's plans will be reviewed as well. The Membership Meeting is being held the afternoon prior to the start of the NMAC Annual Conference, to allow ample time to review all Pool business. The Membership Meeting will feature a mini-workshop on personnel issues, as well as business items for both the Workers' Compensation and the Multiline Pools.

If you are an official voting representative to either Pool for your county, you should plan on attending the June Membership Meeting. We will be mailing the Membership Meeting Books to you two weeks prior to the meeting, to give you time to review the business items prior to June 21. Call Ellen O'Gorman if you have questions about who your voting representative is for the Membership Meeting (not the same as your representative Board Member), or if you want to change your county's voting representative.

CALENDAR OF EVENTS

CDBG District 3 Workshop
May 3, APS/TVI Board Room
Albuquerque

**CDBG Districts 2 & 4
Workshop**
May 4, Luna Vocational
Technical Institute, Las Vegas

**Local Government Budget
Workshop**
May 5-6, 9:00 a.m.
Inn at Las Vegas

**Rural Development
Response Council Meeting**
May 5-6, Raton
(827-0300 for more info)

**Last Day to Elect 94-95
NMAC Board of Director
Member**
May 6

Advisory Council Meeting
May 6, Clovis

**NMAC Board of
Directors Meeting**
May 12, Santa Fe

**Western Interstate Region
Conference**
May 18-21, Bismarck ND

**NMCIA Workers'
Compensation Pool
Contribution Committee**
May 24, Santa Fe



